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SIPDIS

SENSITIVE

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SUBJECT: ECUADOR: INDIGENOUS SUPPORT PALACIO, OAS CONTINUES
OUTREACH

11. (U) Summary: The OAS met with business representatives, evangelical indigenous, and international organizations on April 29. Congress removed four board members from the Central Bank on April 28. It will reconvene on May 3 to debate the naming of members of the Supreme Electoral Tribunal. The Palacio government reportedly has reservations about "inconsistencies" in Congress' approved method to select a new Supreme Court, and could apply a partial veto. Speculation continues on the possible VP candidates. In public remarks at a military ceremony on April 29, President Palacio said April 20 would go down in history as the day he "liberated" Ecuador. Indigenous group CONAIE publicly supported the Palacio government as a "transitional" government. The situation in Quito remains calm. Unions will march to celebrate International Workers Day on May 1. End Summary.

OAS Meetings, April 28-290

12. (SBU) Human Rights Groups: Claimed that Gutierrez had been making dictatorial moves and was moving towards censorship. Thugs from the pro-Gutierrez Zero Corruption group had attacked Citizen Participation members and had instigated street violence. The "forajidos" (anti-Gutierrez protesters) were "holy crusaders" who wanted more direct democracy, something the OAS should help Ecuador attain.

13. (SBU) Ex-Presidents: Former President Osvaldo Hurtado said that Ecuador's political problems were cultural, not institutional. Other countries have multiple political parties and similar institutions, but the system works. The Palacio administration is leftist and nationalist, similar to Gutierrez during his campaign. The administration should finish the term and the Constitutional Assembly is not a good idea. The Ministry of Economy's policies were unworkable if oil prices dropped. Former President Rodrigo Borja thought the last ten years had become a vicious circle compounded by bad decisions made by voters. Former VP Leon Roldos thought Palacio was a dreamer, and that he would become more realistic once he realized how weak his government was.

14. (SBU) PSC Party Leaders: Gutierrez had turned dictatorial and people wanted him out. He was incapable of leadership, holed up as he was. The military had withdrawn its support before Congress deposed Gutierrez, not afterward. Legislators and Palacio feared for their lives at CIESPAL, while the military stood outside doing nothing. The military wanted to take over - a planned triumvirate - but they pulled back at last minute. PSC and others had sought OAS intervention to no avail. Congress now functioning again, would act on the substantive backlog.

15. (SBU) ID Party Leaders: The people want stronger institutions. Now the country is working again. Gutierrez was corrupt and took campaign monies from the Mexicans and Taiwanese, illegally. Power had been concentrated. The military acted (withdrew support) out of necessity, to prevent a bloodbath. ID leaders also discussed their ideas on how to depoliticize the courts.

16. (SBU) Media: Media owners were uniformly anti-Gutierrez, claiming that he had been a corrupt President with dictatorial tendencies. Most were opposed to early elections.

17. (SBU) Government Lawyers: The people had risen up to fight Gutierrez' unconstitutional acts. The OAS should ensure Panama and Brazil held Bucaram and Gutierrez accountable as asylees.

18. (SBU) Evangelical indigenous: FEINE leaders denied collaborations with Gutierrez, and called for military reform.

19. (SBU) Business: Chamber of Commerce and Industry representatives disagreed on whether early elections should be held. Ecuador needed stability and functional courts. Guayaquil business representatives called for more autonomy.

Congress

110. (U) On April 28, Congress overturned another decision of the former pro-Gutierrez majority by removing (by a vote of 72 in favor) four board members from the Central Bank, named by the pro-Gutierrez majority. In doing so, Congress claimed the list of candidates for the board, from which these four were chosen, had been rejected by former president of Congress Guillermo Landazuri on the day it was presented in December 2004. In order to replace the Central Bank board of directors, President Palacio must send a list of candidates to Congress.

111. (U) When Congress meets next on May 3, they are expected to name the new members of the Supreme Electoral Tribunal. Candidates will be chosen from lists provided by the seven strongest political parties in the 2002 elections (as required by Article 209 of the Constitution).

112. (U) Congress is also expected to convoke members of the previous and current military command to investigate a possible attempt to form a military dictatorship. They will ask about the five hours on April 20 that the recently named President Palacio was left without military protection at the CIESPAL building.

Presidency

113. (U) According to press reports, the Palacio government believes that reforms to the judicial law, approved by Congress on April 26, to select a new Supreme Court include several inconsistencies which could justify a partial veto. One of the inconsistencies found is that the process to replace the 31 magistrates is not sufficiently depoliticized. The government has begun judicial and political consultations to help inform their decision on the matter.

114. (SBU) At a military ceremony on April 29, President Palacio said that April 20 would mark the historic day that he "liberated" Ecuador. Embassy officials present found the remark odd and out of sync with other comments made at the event. Embassy will report on Palacio administration relations with the military (septel).

Vice Presidential Candidates

115. (SBU) A UN source told us that Diego Cordovez, a former UN Undersecretary, was at the top of Palacio's list for the Vice Presidency. However, Cordovez has declined the post. Other leading candidates, according to the same source, include Monsenor Luna Tobar, a retired bishop of Cuenca and prominent FTA-opponent, and Alfonso Barrera Valverde, a former Foreign Minister. President Palacio is expected to send a list of three VP candidates to Congress during the week of May 2.

Indigenous

116. (U) Luis Macas, the president of CONAIE, Ecuador's largest indigenous group, on April 28 publicly declared that CONAIE recognized the Palacio government as a transition government that should call for a referendum and popular assemblies. He also asked that CONAIE influence in indigenous government organizations be recovered. Macas called for an end to free trade agreement negotiations and the Manta agreement, and no Ecuadorian participation in Plan Colombia. Macas also said the Ministry of Social Welfare, CODENPE (the government indigenous development agency), and ECORAE (Institute for Eco-development in the Amazon Region) should be audited. The CONAIE has submitted to the GOE a list of those responsible for damaging these institutions for possible prosecution, including ex-Minister of Social Welfare Antonio Vargas, ex-CODENPE president Nelson Chimbo, and FEINE evangelical indigenous organization president Marco Murillo.

Security

117. (U) There were no protests in Quito on April 29, however, a pamphlet bomb was reported at 1240. The pamphlet bomb caused no injuries or damage. Unions and other social groups are planning traditional marches in Quito and other cities on May 1 to celebrate International Workers Day.

KENNEY